

INSURANCE INDUSTRY

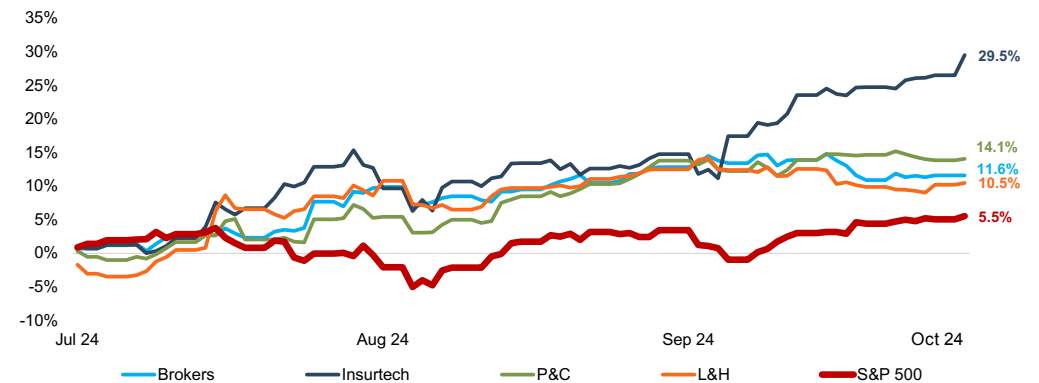
Third Quarter 2024

SECTOR PERFORMANCE UPDATE

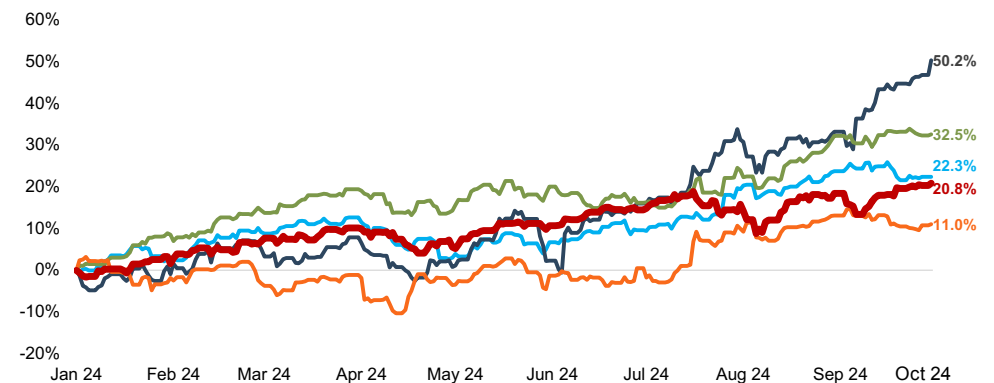
Strong performance across all subsectors; IPO and M&A trends improving.

- All four insurance sub-sectors tracked by Mercer Capital outperformed the S&P 500 in the third quarter of 2024.
- The market capitalization weighted index of Insurtech companies led the way with a return of 29.5% for the quarter (and 50.2% year-to-date). The biggest success story in this sector has been ROOT, which, despite some recent volatility, is still up nearly 3x for the year.
- P&C underwriters had a solid quarter as well, with the two largest firms (Progressive and Chubb) up 22% and 13%, respectively. For the first nine months of 2024, the P&C index is up 32.5%.
- After pulling back 2.4% in the second quarter, the insurance broker index rose 11.6% in 3Q24 and is now up 22.3% for the year. All eight constituents saw their shares rise.
- The Life & Health index, which includes both traditional life insurers and managed care companies, rose 10.5% in the third quarter and is up 11.0% for the year. Despite its smaller size, shares of Oscar Health (NYSE: OSCR) increased 34% in the quarter and are now up 132% for the year.
- The insurance IPO class of 2024 continued to perform well. Since their debut mid-year, shares of brokerage Woodlands Financial Group (NASDAQ:TWFG) and specialty underwriter Bowhead Specialty (NYSE:BOW) are up 60% and 65%, respectively.
- Total announced transaction value of \$24.7 billion in the insurance brokerage space through September 30 has already eclipsed the full year 2023, led by the news that Marsh would acquire the retail broker McGriff from parent Truist Insurance Holdings (TIH) for approximately \$7.75 billion.

3Q 2024 Stock Price Performance



Year-to-Date Stock Price Performance Through September 30, 2024

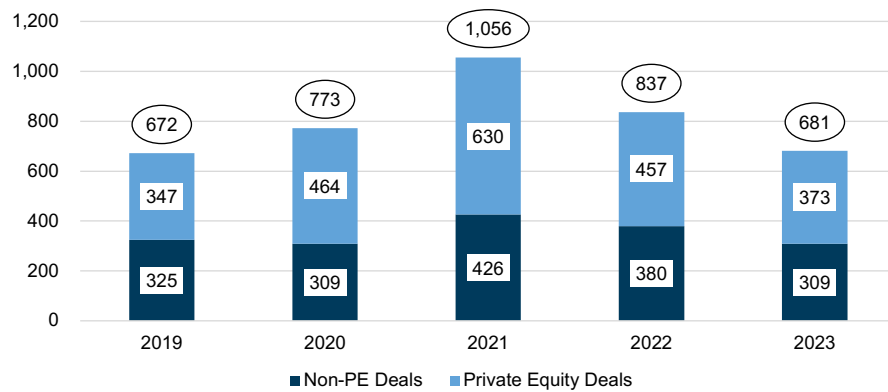


Individual sub-sector performance represented by market capitalization weighted indices for each group.

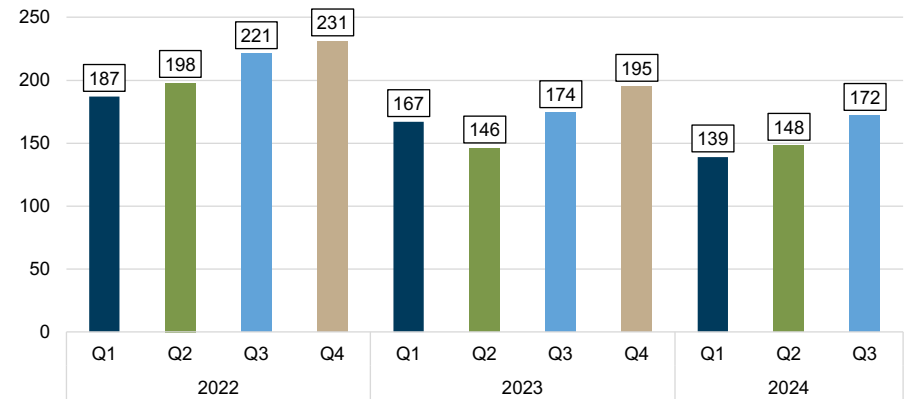
Source: Bloomberg LP; Mercer Capital Analysis

M&A TRANSACTION TRENDS

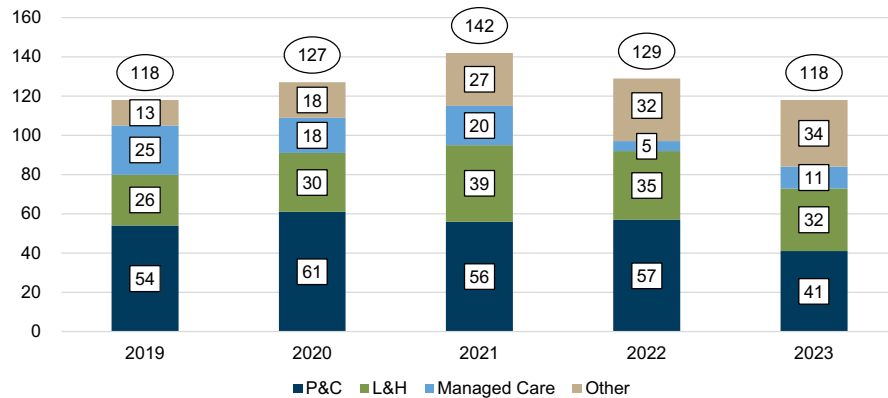
Insurance Brokers: 5-Year M&A Trend



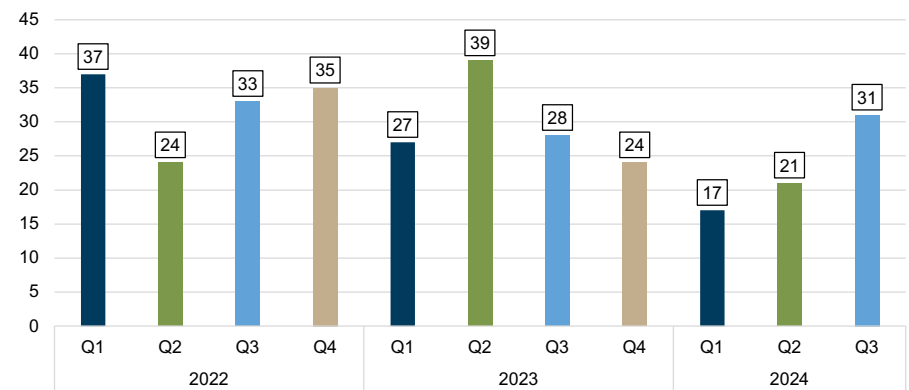
Insurance Brokers: Quarterly M&A Trend



Insurance Underwriters: 5-Year M&A Trend





Insurance Underwriters: Quarterly M&A Trend







Source: S&P Capital IQ Pro; Mercer Capital Analysis. Reflects US deals only.

SECTOR PRICING AND VALUATION SUMMARY

As of September 30, 2024

Segment	MARKET PRICING			MULTIPLES			
	Share Performance			EV / EBITDA		EV / Revenue	
	%52wk High	%Q/Q	%Y/Y	LTM	NTM	LTM	NTM
 Insurance Brokers	96.2%	15.3%	30.3%	21.3x	19.0x	6.4x	5.6x
 InsurTech	70.2%	-0.5%	85.5%	37.5x	18.0x	1.6x	1.2x

As of September 30, 2024

Segment	MARKET PRICING			MULTIPLES			
	Share Performance			Price/Earnings		Price/Book	
	%52wk High	%Q/Q	%Y/Y	LTM	NTM	P/B	P/TB
 P&C (Specialty)	93.2%	10.3%	16.8%	16.9x	17.0x	2.5x	2.7x
 P&C (Standard)	96.2%	15.1%	33.5%	11.7x	12.2x	1.8x	1.9x
 L&H (Life Ins & Annuities)	97.6%	13.4%	27.6%	13.3x	8.9x	1.4x	1.4x
 L&H (Health & Managed Care)	91.7%	13.5%	16.0%	28.2x	13.4x	2.8x	6.9x

MARKET SNAPSHOT

BROKERS		MARKET PRICING					MULTIPLES				GROWTH & MARGIN		
Ticker	Name	9/30/2024 Stock Price	Mkt Cap (\$M)	Share Performance			EV / EBITDA		EV / Revenue		Revenue Growth		EBITDA Margin
				%52wk High	%Q/Q	%Y/Y	LTM	NTM	LTM	NTM	LTM	NTM	
MMC	Marsh & McLennan Companies, Inc.	223.09	109,706	96.0%	5.9%	17.2%	16.7x	16.7x	5.1x	4.8x	7.8%	4.7%	30.3%
AON	Aon plc	345.99	75,164	97.9%	17.9%	6.7%	21.3x	16.6x	6.1x	5.4x	13.7%	13.4%	28.8%
WTW	Willis Towers Watson Public Limited Company	294.53	29,911	99.4%	12.4%	41.0%	13.1x	12.5x	3.5x	3.3x	5.6%	4.0%	26.3%
AJG	Arthur J. Gallagher & Co.	281.37	61,650	93.5%	8.5%	23.4%	20.1x	17.7x	6.4x	5.6x	15.8%	14.2%	31.7%
BRO	Brown & Brown, Inc.	103.60	29,553	97.7%	15.9%	48.3%	21.1x	19.0x	7.1x	6.6x	11.4%	6.9%	33.5%
RYAN	Ryan Specialty Holdings, Inc.	66.39	17,358	96.2%	14.6%	37.2%	33.2x	22.3x	8.7x	7.4x	20.1%	17.8%	26.3%
BWIN	The Baldwin Insurance Group, Inc.	49.80	5,859	96.4%	40.4%	114.4%	39.4x	21.3x	5.6x	5.0x	13.9%	11.0%	14.2%
GSHD	Goosehead Insurance, Inc	89.30	3,300	94.4%	55.5%	19.8%	71.1x	35.2x	11.6x	9.8x	11.2%	19.0%	16.4%
TWFG	TWFG, Inc.	27.12	1,518	85.0%	na	na	40.4x	35.2x	7.9x	7.0x	nm	13.0%	19.5%
Group Median			29,553	96.2%	15.3%	30.3%	21.3x	19.0x	6.4x	5.6x	12.5%	13.0%	26.3%

MARKET SNAPSHOT

INSURTECH		MARKET PRICING					MULTIPLES				GROWTH & MARGIN		
Ticker	Name	9/30/2024 Stock Price	Mkt Cap (\$M)	Share Performance			EV / EBITDA		EV / Revenue		Revenue Growth		EBITDA Margin
				%52wk High	%Q/Q	%Y/Y	LTM	NTM	LTM	NTM	LTM	NTM	
CCCS	CCC Intelligent Solutions Holdings Inc.	11.05	6,889	82.8%	-0.5%	-17.2%	39.4x	18.0x	8.0x	7.5x	10.1%	6.1%	20.3%
CRVL	CorVel Corporation	326.89	5,600	99.3%	28.6%	66.2%	42.2x	nm	6.5x	nm	12.7%	nm	15.3%
EHTH	eHealth, Inc.	4.08	120	43.2%	-9.9%	-44.9%	nm	21.4x	0.9x	0.8x	15.8%	2.2%	-3.9%
EVER	EverQuote, Inc.	21.09	740	75.1%	1.1%	191.7%	41.8x	11.7x	1.6x	1.2x	27.4%	33.9%	3.8%
GOCO	GoHealth, Inc.	9.38	214	57.1%	-3.5%	-35.3%	23.1x	9.9x	1.2x	1.1x	30.2%	7.3%	5.3%
GWRE	Guidewire Software, Inc.	182.94	15,189	99.8%	32.7%	103.3%	nm	78.2x	14.9x	12.7x	8.3%	16.6%	-4.3%
HGTY	Hagerty, Inc.	10.17	3,466	82.3%	-2.2%	24.5%	40.7x	23.5x	3.3x	3.0x	21.1%	10.4%	8.2%
HIPO	Hippo Holdings Inc.	16.88	421	66.2%	-1.8%	111.8%	nm	nm	0.2x	0.2x	84.9%	22.9%	-32.7%
LMND	Lemonade, Inc.	16.49	1,171	67.2%	-0.1%	41.9%	nm	nm	1.8x	1.5x	22.1%	17.4%	-37.8%
MAX	MediaAlpha, Inc.	18.11	1,201	70.2%	37.5%	119.2%	35.6x	13.8x	1.9x	1.3x	72.5%	46.0%	5.3%
QNST	QuinStreet, Inc.	19.13	1,074	91.5%	15.3%	113.3%	nm	18.9x	1.4x	1.3x	37.1%	8.1%	-0.6%
ROOT	Root, Inc.	37.78	567	43.6%	-26.8%	297.3%	6.9x	7.2x	0.3x	0.3x	215.1%	9.9%	4.1%
SLQT	SelectQuote, Inc.	2.17	372	48.7%	-21.4%	85.5%	11.5x	nm	0.8x	0.7x	nm	3.6%	6.6%
Group Median			1,074	70.2%	-0.5%	85.5%	37.5x	18.0x	1.6x	1.2x	24.8%	10.1%	4.1%

MARKET SNAPSHOT

P&C INSURERS (SPECIALTY)		MARKET PRICING				MULTIPLES				MARGINS & RETURNS				
Ticker	Name	9/30/2024 Stock Price	Mkt Cap (\$M)	Share Performance			Price/Earnings		Price/Book		Loss Ratio	Combined Ratio	Return on Equity	
				%52wk High	%Q/Q	%Y/Y	LTM	NTM	P/B	P/TB			LTM	NTM
AFG	American Financial Group, Inc.	134.60	11,293	97.6%	9.4%	20.5%	12.6x	11.8x	2.4x	2.7x	69.6%	94.4%	20.6%	20.6%
JRVR	James River Group Holdings, Ltd.	6.27	237	40.5%	-18.9%	-59.2%	25.0x	3.4x	0.4x	0.8x	104.1%	135.5%	2.9%	15.7%
BOW	Bowhead Specialty Holdings Inc.	28.01	915	86.1%	10.5%	nm	25.8x	20.7x	2.5x	2.5x	64.5%	94.4%	na	13.7%
KNSL	Kinsale Capital Group, Inc.	465.57	10,841	84.9%	20.8%	12.4%	26.3x	28.3x	7.6x	7.6x	56.1%	75.7%	34.7%	28.1%
MKL	Markel Group Inc.	1,568.58	20,306	93.9%	-0.4%	6.5%	7.2x	17.0x	1.2x	1.7x	61.2%	96.4%	19.1%	7.9%
PLMR	Palomar Holdings, Inc.	94.67	2,481	94.4%	16.7%	86.5%	21.9x	17.7x	3.6x	3.6x	29.7%	80.5%	19.3%	21.5%
RLI	RLI Corp.	154.98	7,090	99.6%	10.2%	14.0%	16.9x	25.8x	4.1x	4.2x	51.9%	89.6%	27.5%	18.8%
SKWD	Skyward Specialty Insurance Group, Inc.	40.73	1,633	96.4%	12.6%	48.9%	12.0x	13.7x	2.0x	2.3x	63.3%	92.2%	20.1%	16.9%
TIPT	Tiptree Inc.	19.57	720	94.1%	18.7%	16.8%	17.8x	nm	1.6x	5.0x	45.1%	90.2%	12.4%	na
TRUP	Trupanion, Inc.	41.98	1,770	85.4%	42.8%	48.9%	nm	nm	5.6x	6.8x	na	na	-4.4%	na
WRB	W. R. Berkley Corporation	56.73	21,589	92.6%	8.3%	34.0%	14.4x	13.8x	2.6x	2.6x	62.4%	90.9%	20.5%	20.7%
WTM	White Mountains Insurance Group, Ltd.	1,696.20	4,296	89.3%	-6.7%	13.4%	6.7x	nm	0.9x	1.1x	52.2%	76.9%	16.4%	na
Group Median			3,389	93.2%	10.3%	16.8%	16.9x	17.0x	2.5x	2.7x	61.2%	90.9%	19.3%	18.8%

MARKET SNAPSHOT

P&C INSURERS (STANDARD)		MARKET PRICING					MULTIPLES				MARGINS & RETURNS			
Ticker	Name	9/30/2024 Stock Price	Mkt Cap (\$M)	Share Performance			Price/Earnings		Price/Book		Loss Ratio	Combined Ratio	Return on Equity	
				%52wk High	%Q/Q	%Y/Y	LTM	NTM	P/B	P/TB			LTM	NTM
ALL	The Allstate Corporation	189.65	50,051	97.8%	18.8%	70.2%	12.2x	11.4x	2.7x	3.2x	74.9%	96.4%	23.8%	22.8%
CB	Chubb Limited	288.39	116,491	98.0%	13.1%	38.5%	11.7x	12.8x	1.8x	3.0x	63.1%	87.7%	16.1%	13.6%
CINF	Cincinnati Financial Corporation	136.12	21,267	97.7%	15.3%	33.1%	6.9x	20.3x	1.5x	1.5x	67.6%	97.4%	25.1%	8.2%
CNA	CNA Financial Corporation	48.94	13,255	93.5%	6.2%	24.4%	10.2x	9.7x	1.2x	1.2x	72.0%	100.2%	13.5%	13.4%
DGIC.A	Donegal Group Inc.	14.74	483	95.4%	14.4%	3.4%	19.8x	16.1x	1.0x	1.0x	61.5%	96.4%	5.0%	4.4%
ERIE	Erie Indemnity Company	539.82	28,227	98.7%	49.0%	83.7%	44.6x	41.9x	14.5x	14.5x	na	na	31.4%	na
GBLI	Global Indemnity Group, LLC	33.23	454	89.8%	6.9%	-3.3%	11.4x	11.9x	0.7x	0.7x	54.9%	94.3%	6.1%	na
HIG	The Hartford Financial Services Group, Inc.	117.61	34,248	99.8%	17.0%	65.9%	11.6x	10.7x	2.1x	2.4x	na	94.5%	19.7%	17.7%
HRTG	Heritage Insurance Holdings, Inc.	12.24	357	72.4%	72.9%	88.6%	5.0x	6.2x	1.3x	1.5x	65.4%	100.6%	33.5%	22.4%
MCY	Mercury General Corporation	62.98	3,487	93.9%	18.5%	124.7%	6.2x	12.0x	1.9x	1.9x	69.5%	93.6%	34.5%	14.3%
ORI	Old Republic International Corporation	35.42	9,142	98.1%	14.6%	31.5%	10.0x	12.3x	1.4x	1.4x	42.3%	95.0%	15.2%	12.4%
PGR	The Progressive Corporation	253.76	148,619	97.4%	22.2%	82.2%	18.4x	18.8x	5.5x	5.5x	68.1%	89.0%	36.4%	32.3%
SAFT	Safety Insurance Group, Inc.	81.78	1,213	91.4%	9.0%	19.9%	16.1x	nm	1.4x	1.5x	70.6%	100.7%	9.2%	na
SIGI	Selective Insurance Group, Inc.	93.30	5,676	85.1%	-0.6%	-9.6%	25.0x	12.7x	1.9x	1.9x	68.8%	99.5%	8.1%	8.3%
THG	The Hanover Insurance Group, Inc.	148.11	5,330	98.1%	18.1%	33.5%	14.5x	11.9x	1.9x	2.0x	64.5%	95.5%	14.6%	15.4%
TRV	The Travelers Companies, Inc.	234.12	53,363	96.2%	15.1%	43.4%	11.9x	12.0x	1.9x	2.3x	64.8%	93.2%	19.1%	15.5%
UFCS	United Fire Group, Inc.	20.93	530	81.9%	-2.6%	6.0%	10.6x	15.6x	0.7x	0.7x	62.3%	98.2%	7.0%	3.8%
Group Median			9,142	96.2%	15.1%	33.5%	11.7x	12.2x	1.8x	1.9x	65.4%	96.0%	16.1%	14.0%

MARKET SNAPSHOT

LIFE INSURANCE & ANNUITIES		MARKET PRICING					MULTIPLES				RETURNS	
Ticker	Name	9/30/2024 Stock Price	Mkt Cap (\$M)	Share Performance			Price/Earnings		Price/Book		Return on Equity	
				%52wk High	%Q/Q	%Y/Y	LTM	NTM	P/B	P/TB	LTM	NTM
AFL	Aflac Incorporated	89.31	50,748	98.0%	4.0%	28.0%	9.8x	13.8x	2.2x	2.2x	24.7%	na
BHF	Brighthouse Financial, Inc.	43.34	2,692	77.1%	-15.9%	-8.5%	nm	2.4x	0.6x	0.6x	-21.8%	na
CIA	Citizens, Inc.	2.72	135	73.7%	27.1%	12.9%	5.6x	8.8x	0.7x	0.7x	13.8%	na
CNO	CNO Financial Group, Inc.	27.72	3,001	95.3%	0.9%	17.1%	8.0x	8.4x	1.3x	1.3x	17.7%	na
CRBG	Corebridge Financial, Inc.	29.12	17,718	84.0%	1.4%	64.9%	7.6x	5.7x	1.5x	1.5x	18.6%	na
GL	Globe Life Inc.	82.28	7,592	62.3%	-29.3%	-24.9%	7.8x	6.8x	1.5x	1.7x	22.5%	na
GNW	Genworth Financial, Inc.	6.04	2,630	87.2%	-6.1%	20.8%	29.3x	9.7x	0.3x	0.3x	2.5%	na
JXN	Jackson Financial Inc.	74.26	5,663	91.1%	12.3%	142.6%	1.9x	4.2x	0.6x	0.6x	32.8%	na
LNC	Lincoln National Corporation	31.10	5,288	93.3%	-2.6%	20.7%	4.2x	4.5x	0.8x	1.0x	18.9%	na
MET	MetLife, Inc.	70.19	49,914	94.0%	-5.3%	24.2%	24.1x	7.8x	1.8x	2.6x	7.8%	na
PFG	Principal Financial Group, Inc.	78.45	18,387	90.4%	-9.1%	3.4%	14.5x	10.1x	1.6x	2.3x	12.1%	na
PRI	Primerica, Inc.	236.58	8,141	92.2%	-6.5%	19.6%	14.4x	12.9x	3.7x	4.3x	28.6%	na
PRU	Prudential Financial, Inc.	117.19	42,080	96.5%	-0.2%	32.8%	19.8x	8.4x	1.5x	1.5x	7.1%	na
UNM	Unum Group	51.11	9,679	93.7%	-4.8%	7.1%	7.6x	6.2x	1.0x	1.0x	13.6%	na
VOYA	Voya Financial, Inc.	71.15	7,165	92.4%	-3.7%	-0.8%	9.8x	8.3x	1.7x	2.8x	15.4%	na
Group Median			7,592	92.2%	-3.7%	19.6%	8.9x	8.3x	1.5x	1.5x	15.4%	nm

MARKET SNAPSHOT

HEALTH AND MANAGED CARE		MARKET PRICING					MULTIPLES				RETURNS	
Ticker	Name	9/30/2024 Stock Price	Mkt Cap (\$M)	Share Performance			Price/Earnings		Price/Book		Return on Equity	
				%52wk High	%Q/Q	%Y/Y	LTM	NTM	P/B	P/TB	LTM	NTM
CI	The Cigna Group	346.44	96,847	93.4%	4.8%	21.1%	32.4x	11.5x	2.3x	nm	7.6%	na
CNC	Centene Corporation	75.28	39,600	92.5%	13.5%	9.3%	13.0x	11.4x	1.4x	9.2x	11.6%	na
ELV	Elevance Health, Inc.	520.00	120,581	91.7%	-4.0%	19.4%	18.9x	13.1x	2.8x	16.1x	15.5%	na
HUM	Humana Inc.	316.74	38,136	59.7%	-15.2%	-34.9%	28.2x	18.8x	2.2x	6.0x	7.8%	na
MOH	Molina Healthcare, Inc.	344.56	20,191	81.3%	15.9%	5.1%	17.4x	13.4x	4.1x	6.9x	26.5%	na
OSCR	Oscar Health, Inc.	21.21	5,124	89.2%	34.1%	280.8%	172.3x	124.8x	4.5x	4.5x	2.8%	na
UNH	UnitedHealth Group Incorporated	584.68	539,904	96.2%	14.8%	16.0%	37.7x	20.0x	5.7x	nm	15.3%	na
Group Median			39,600	91.7%	13.5%	16.0%	28.2x	13.4x	2.8x	6.9x	11.6%	nm

MERCER CAPITAL'S INSURANCE INDUSTRY SERVICES

Mercer Capital provides valuation and transaction advisory services to the insurance industry

SECTORS SERVED

- Independent Agencies & Brokerages
- Retail, Wholesale, MGAs, MGUs
- PE and Sponsor-Backed Platforms
- Bank-Owned Agencies
- Insurance Technology (InsurTech)
- P&C Insurance Underwriters
- Life & Health, Managed Care
- Captives and Risk Retention Groups
- Third-Party Administrators
- Claims Adjusters & Service Providers

SERVICES

- Corporate Valuation
- M&A Representation & Consulting
- Quality of Earnings Analysis
- Tax Compliance Valuation
- Financial Reporting Valuation
- Purchase Price Allocation
- Fairness & Solvency Opinions
- Buy-Sell Agreement Valuation & Consulting
- ESOP/ERISA Valuation
- Litigation & Dispute Resolution Consulting / Testimony

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ADDITIONAL RESOURCES



WHITEPAPER

Understand the Value of Your Insurance Brokerage

Understanding how insurance agencies and brokerages are actually valued may help you understand how to grow the value of your business and maximize your return when it comes time to sell. This whitepaper provides an informative overview regarding the valuation of insurance brokerages and agencies.



WHITEPAPER

Understand the Value of Your InsurTech Company

Valuing an InsurTech company can be complicated and difficult, but carries important significance for employees, investors, and stakeholders for the company. While all InsurTech companies have differences, including what niche (distribution, claims, benefits, etc.) they operate in or what stage of development the company is in, understanding the value of the business is critically important.



PRESENTATION

Insurance Agency Valuation in Uncertain Times

This presentation, which we've shared with various groups over the last few months, provides an update on the current M&A environment and the valuation issues that impact insurance agencies and brokerages. It also addresses some strategies for family-owned agencies facing perpetuation issues or challenges in this macroeconomic environment.